Unfair trade practices of RIL

2908. SHRI CHITTABRATA MAJUMDAR: Will the Minister of ...ROLEUM AND NATURAL GAS be pleased to state:

(a) whether M/s IOCL in November, 2004 complained to Government regarding unfair trade practice followed by M/s RIL for marketing of diesel transported from Jamnagar refinery for sale in their retail outlets in Nagpur area in Maharashtra;

(b) if so, the details of the complaint; and

(c) the action taken by Government so far?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) Indian Oil Corporation (IOC) had reported to the Government in November, 2004 that M/s Reliance Industries Ltd. (RIL) bring their product from Jamnagar Refinery on stock transfer basis to their retail outlets in the Nagpur marketing area in Maharashtra without any tax implications. From these retail outlets, diesel is supplied to vehicles operating under M/s Reliance Logistics Limited (RLL), a sister concern of RIL for transportation purposes. This supply is not shown as sales but as internal consumption by the vehicles operating under M/s RLL. Thus, no sales tax is paid on such sales and, therefore, the vehicles operating under M/s RLL get diesel at relatively lower rates.

According to IOC, the aforesaid arrangement of supply to vehicles operating under M/s RLL is allegedly being misused as even transporters not operating under M/s RLL have been able to get their tanks filled from M/s RIL's outlets without paying sales tax.

Since this issue relates to alleged evasion of sales tax, the matter has been brought to the notice of the Government of Maharashtra for appropriate action.